

REMARKS

INTERVIEW SUMMARY

Applicant acknowledges with gratitude the courtesy extended by Supervisory Patent Examiner Kalinowski to applicant's representative during the personal interview on January 17, 2006. In the interview, the undersigned updated the Examiner on the status of the pending lawsuit (it has been settled). The undersigned briefly raised the Markman decision issued by Judge Martini before the settlement of the suit, and noted that there were flaws in the judge's reasoning. The Examiner indicated that he had conducted a further review of the case, including consulting the senior examiner responsible for quality review of cases in this art unit, and that they had determined that the specification fully enables and supports the pending claims, and that the disclosure taken as a whole demonstrates that the applicant was in possession of the claimed invention as of the original filing date.

The amendments to the specification were also discussed. Applicant had proposed deletion of a passage from the background section because this passage apparently confused the judge, who took it out of context and used it as the basis for an erroneous claim interpretation on his own initiative. The undersigned reviewed the passage with the Examiner, and it was agreed that in context, the passage merely discusses advantages of the invention relative to the manner in which electronic debit processing was typically implemented for pre-authorized, recurring transactions. The passage discusses prior art systems that implemented these pre-authorized transactions, and cannot reasonably be interpreted to disclaim the use of electronic processing steps

with either the inventive telephone collection methods or data verification methods disclosed and claimed in the application.

The Examiner expressed his view that the passage, properly read, is not confusing, so there is no need to delete this passage. It was agreed that applicant would re-insert the passage in question into the specification, and provide remarks in the record explaining the misunderstood passage, and that this approach would be sufficient to provide appropriate notice to the public that this passage should not be construed to limit claim scope regarding electronic processing steps.

REMARKS ON BACKGROUND SECTION

The above amendment merely re-inserts language that was removed from the background section in the previous amendment, and therefore does not introduce new matter.

As noted above, a portion of this passage was taken out of context and misinterpreted by the judge in the Markman decision that is of record in this case. The court had ruled that it would not consider 35 U.S.C. §112 considerations since they were not timely raised by the infringers; yet, the judge relied on this passage on his own initiative and made a §112 ruling, without a full briefing by the parties relating to this passage. Had the judge been properly aware of the information that follows, applicant believes the judge would have ruled differently.

The paragraph beginning at page 4, line 21 of the specification starts a discussion of known prior art methods of making regular payments. The passage that follows is

specifically directed to pre-arranged electronic debits as they had been used for the purpose of making regular monthly payments. Prior uses of pre-arranged electronic debits, insofar as applicant is aware, did not involve any of the telephone authorization and/or any of the banking information validation features recited in the pending claims. Thus, the passage makes the point that previous uses of electronic funds transfers had been primarily for recurring transactions, based on a schedule, and that systems for entering and executing these transactions not been adapted to produce the level of convenient operation that the inventor had identified as advantageous.

The prosecution history in the parent case, cited in the Markman decision, correctly stated that “the electronic debits of the banking system do not suggest the present invention or provide its advantages.” Prior art systems and methods for processing electronic debits were intended primarily to facilitate recurring transactions, and thus did not provide the inventive features recited in the pending claims, or offer their advantages. However, in making this point, applicant had no intention, in the specification or during any previous prosecution, of disclaiming the use of his inventive ideas in connection with one or more electronic processing steps.

The statement beginning at page 5, line 18 of the specification that “such electronic funds transfers cannot be authorized by telephone; a written authorization is legally required....” refers only to *recurring* transfers, not to all electronic transactions as assumed by the judge. As of the filing date of this application, and continuing today, Federal Reserve Regulation E, 205.10(b) required that *recurring* electronic transactions (for example, regularly monthly payments) be authorized by a signed document or

similar authentication. Thus, the noted legal restriction on electronic transactions applied only to recurring transactions, not to single transactions.

As noted in secondary evidence submissions in the parent cases, at the time this invention was made it was greeted with skepticism, followed by widespread approval and acceptance of the inventive approaches. At the time of the invention it was contrary to standard industry practice to process either electronic or paper transactions based on a telephone authorization. However, to applicant's knowledge, there has never been a federal regulatory prohibition of any such transactions. Over time the industry has embraced the invention and payments by phone are now widely accepted, and processed both with paper and electronic submissions. Thus, the assertion in the Markman decision that a person skilled in the art would conclude that electronic funds transfers were excluded from the scope of the patent is incorrect. A person skilled in this art would have understood that the Reg. E legal restriction referenced in the background section applied only to *recurring* transactions. A person skilled in the art would also have found the further disclosure of the invention to be consistent with that understanding. The specification discloses the automatic generation of a written authorization form when an operator enters a recurring transaction request, thus complying with Reg. E.

Applicant hereby notifies the public that he intends that the pending claims apply to apparatus and methods that include the features and steps that are recited, regardless of whether subsequent processing may involve a paper or electronic submission. Further, it should be apparent from the record that the claims have been considered and examined by the U.S. Patent and Trademark Office in that manner, requiring only the specifically

recited features, without limiting the subsequent processing to a particular (paper or electronic) method.

REMARKS REGARDING THE MARKMAN RULING

Since the Markman ruling applied to the previously issued 6,041,315 patent and not the present application, and further in view of the Examiners' determination that the specification demonstrates that the inventor had possession of the invention recited in the pending claims, it is not necessary to address the issues raised in the Markman decision. However, without making any effort to address all of the flaws in the Markman ruling, applicant notes the following regarding the court's interpretation of the terms "apparatus" and "system."

Interpretation of the Specification

The Court initially focused on the abstract of the '315 patent. Applicant specifically titled this section "Abstract of the Disclosure" and *not* "Abstract of the Invention" in his patent filings, thus clearly indicating to the public that the abstract summarizes selected disclosed embodiments, and is not intended to define or summarize the claimed invention. The Court also focused on the section titled "field of the invention" in the '315 patent, but ignored numerous other important statements in the specification of that patent that should have been considered in determining the scope of the invention.

For example, the "Summary of the Invention" section states a broad scope for the invention, by defining "objects of the invention," beginning with general objects that

clearly encompass both electronic and paper transactions. The Summary of the Invention section begins as follows: "It is a general object of the present invention to provide a method for collecting funds from a customer's checking account when authorized, without requiring that an executed check be mailed to the payee. It is a further general object of the invention to provide a system which facilitates the authorized generation of a payment order for transfer of funds from a customer's checking account."

The term "payment order" was used in this passage to define the scope of the invention. As those skilled in the art would have understood, *payment order* is a term of art in the banking industry. The Uniform Commercial Code has defined "payment order" since the time of the original application as: "An instruction of a sender to a receiving bank, *transmitted orally, electronically or in writing*, to pay, or to cause another bank to pay, a fixed or determinable amount of money to a beneficiary if: the instruction does not state a condition to payment to the beneficiary other than time of payment; the receiving bank is to be reimbursed by debiting an account of, or otherwise receiving payment from, the sender; and the instruction is transmitted by the sender directly to the receiving bank or to an agent, funds-transfer system or communication system for transmittal to the receiving bank." (emphasis added).

Thus, the specification of the '315 patent clearly conveyed to those skilled in the art, by defining the general object of the invention as the generation of "payment orders," that the invention encompasses both electronic and paper payments. The present specification has been amended to further increase the clarity of the Abstract and Field of the Invention in this regard. Thus, it should be understood that the claimed invention

may be used in connection with any desired back-end clearing method, whether paper, electronic, or otherwise.

Claiming Sub-Combinations

A patentee is permitted to claim the entire system disclosed in his specification, or may choose to claim a sub-combination of that system.

For example, if an inventor discloses an improved fuel injection system in his patent application, he is obligated to describe how the injection system will be used. He may describe the operation of that fuel injection system in detail in the context of an automobile as an example of such use. He may then claim the entire automobile with the improved fuel delivery system. He may also claim the inventive fuel injection system by itself as a sub-combination of the larger, more complex system disclosed.

The Court of Appeals for the Federal Circuit has affirmed the inventor's right to claim an inventive portion of the total system disclosed, and to assert sub-combination claims against systems that employ those sub-combinations even if the remainder of the system differs from the patent disclosure. In *Stiftung v. Renishaw PLC*, 945 F.2d 1173 (1991) the Federal Circuit stated that “[i]t has long been held, and we today reaffirm, that it is entirely consistent with the claim definiteness requirement of the second paragraph of Section 112, to present ‘subcombination’ claims, drawn to only one aspect or combination of elements of an invention that has utility separate and apart from other aspects of the invention. As one of our predecessor courts stated, ‘it is not necessary that a claim recite each and every element needed for the practical utilization of the claimed

subject matter,’ as it is ‘entirely appropriate, and consistent with §112, to present claims to only [one] aspect.’” 945 F.2d at 1181 (citing and quoting *Bendix Corp. v. United States*, 600 F.2d 1364, 1369 (Ct. Cl. 1979)).

In the case of the '315 patent and the present application, the inventor has disclosed various embodiments of a system that processes payments from a financial account. In some embodiments, this processing occurs in response to a telephone authorization. In other embodiments, the processing includes particular validation steps. The authorization and/or validation steps recited in the claims define a sub-combination device and method that is inventive and patentable without regard to how the back-end processing is performed.

Claim 10 of the '315 patent was directed to such a sub-combination. Claims to this sub-combination are supported, for example, by the disclosure referencing Figure 8 of the specification. Item 800 in Figure 8 is an input system that generates electronic signals and transmits them to a remote output system. The input system, item 800 in Figure 8 of the '315 patent, has been identified as a separately patentable sub-combination of the overall system. While the disclosure of the overall system includes particular embodiments that use printers to print checks, the applicant is not required under the law to include such features in his claims.

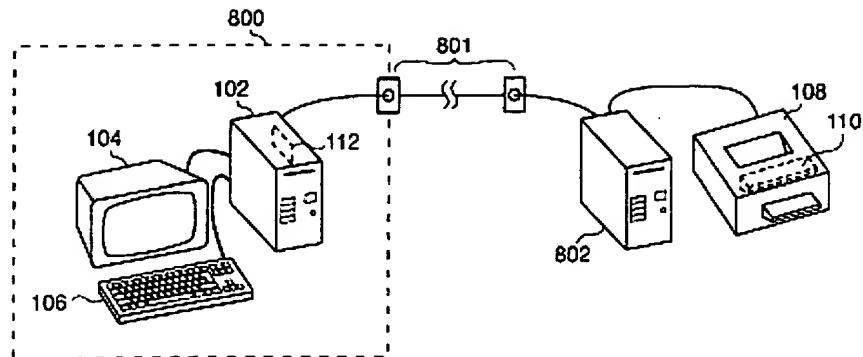


Figure 8

Applicant also notes that the *Astrazeneca* case cited by the Court is readily distinguishable from this case. For example, *Astrazeneca* did not deal with a case where the inventor disclosed a separately patentable sub-combination in his application.

Conclusion

It should be apparent from the preceding remarks that the portion of the Markman ruling implying that the specification of the '315 patent does not permit claiming the invention without requiring a check printer did not take into account important facts and significant portions of the specification. In any case, the reasoning presented in the Markman ruling cannot be applied to the present application in view of the prosecution record thereof.

CONCLUSION

In view of the foregoing remarks, it is believed that this case is ready for issue, and a notice of allowance is earnestly solicited. Should any further issues arise, the

Examiner is invited to contact the undersigned, who will cooperate to advance the prosecution of the case.

Respectfully submitted,



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